

Santa Clara



City of Santa Clara, California

**DATE:** November 20, 2007**TO:** City Manager/Executive Director for Council/Redevelopment Agency Action**FROM:** Director of Finance/Treasurer for Redevelopment Agency**SUBJECT:** Tax Increment Study: Update for North of Bayshore Redevelopment Project Area and Municipal Bond Overview**EXECUTIVE SUMMARY:**

The May 1, 2007 meeting of the Council/Agency sitting as a "Committee of the Whole" was held to review and accept the Redevelopment Agency's Tax Increment Study for the City's two RDA Project Areas: the North of Bayshore and University (Downtown) Areas.

The purpose of the meeting on November 20, 2007 is twofold:

1. Review the Tax Increment Study Update for the North of Bayshore RDA Project Area with City Council/RDA Board of Directors, and to present additional information that has been developed since the May meeting.
2. Review the Municipal Bond Overview presentation with City Council.

The Tax Increment Study Update addresses the viability of tax increment revenue in the RDA North of Bayshore project area. The summary findings include details of the bonding capacity as follows:

- If the Stadium Project proceeds, it will be necessary for the RDA to adopt a minor plan amendment under SB211. This will trigger pass throughs of tax increment to the overlapping taxing entities; the impact of this reviewed.
- Using the Planning Scenario, which includes growth in development over this period of time, and by waiting to issue two series of bonds, the RDA can issue a total of \$65 million in new bonds. (In the May 2007 Tax Increment Study and using the Planning Scenario, the projection was for \$45.3 million of new bonds.)
- If the Stadium Project proceeds, under the current Planning Scenario, the 30% Affordable Housing Set Aside is reduced to 26% on average.
- The Affordable Housing Set Aside funds can be used to issue Affordable Housing bonds if needed, without having to adopt a minor plan amendment under SB211.
- Relevant facts are included related to moving forward with and without the stadium project and/or any sizeable new project.

The Municipal Bond presentation will include answers to several of the key characteristics and RDA and City responsibilities regarding bond issuance.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

Reviewing the updated tax increment analysis of the new money bonding capacity in the North of Bayshore area allows Council/Agency to continue the process of evaluating the feasibility of a key project: the 49ers stadium financing in the North of Bayshore Project Area.

ECONOMIC/FISCAL IMPACT:

The cost of the Tax Increment Study Update will be approximately \$5,000 and was anticipated in the 2007-08 RDA budget and is not part of the funds appropriated for specialty consultants for the 49ers stadium study.

RECOMMENDATION:

That the Council/Agency refer the report titled "Tax Increment Study Update (North of Bayshore Project Area) November 2007" to the City Manager/Executive Director for inclusion in the set of recommendations to be developed for the stadium project in the RDA North of Bayshore Project Area.



Mary Ann Parrot
Director of Finance/Treasurer

APPROVED:



Jennifer Sparacino
City Manager/Executive Director for Agency